



— State of —  
**North Dakota**  
*Office of the Governor*  
**John Hoeven**  
*Governor*

May 2, 2003

The Honorable Jack Dalrymple  
President of the Senate  
Senate Chambers  
State Capitol  
Bismarck, ND 58505

Re: Item Veto of SB 2015

Dear Lt. Gov. Dalrymple:

Today I have signed SB 2015, but vetoed the following sections of the bill for reasons expressed below. These item vetoes have been carefully considered. I have discussed the basic concerns with the Legislative leadership and believe that some of these issues will be addressed during the upcoming Special Session.

**Section 23:** The Section requires that any allotment under 54-44.1-12 must be made to address any projected deficiency. The section does not represent sound budget management policy. It would allow a deficiency to be written into a biennial budget that would have to be paid for by the rest of state government if an allotment was required rather than properly budgeting for the deficiency at the outset. Likewise, an unforeseen deficiency during the budget cycle could force unwarranted cuts and jeopardize basic services because the allotment would have to include the deficiency. Budget flexibility and soundness are key principals of state government and of this administration. Section 23 does not comport with those principals and so I must veto it.

**Sections 24, 28 and 29:** These sections are all a part of a complex restructuring of the Informational Technology Department and IT functions within state government, that seek to achieve savings and efficiencies. I will support any system, legislation or other means that clearly demonstrates savings to the taxpayers, and more efficient delivery of service. Sections 24, 28 and 29 have not been shown to provide these results. They mandate some, but not all of state government must obtain IT services from ITD. They mandate by November 1, 2003, the transfer of 25 FTEs performing IT services in some agencies, to ITD. I favor efficiencies, cost savings, competition and compatibility in the State's information technology systems. I will work with the Legislature to those ends, but sections 24, 28 and 29 appear to create a maze of bureaucratic maneuverings that will lead us to a different end. Therefore I must veto them.

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**Section 35:** This section ventures into executive budget functions, a similar provision of which I vetoed in the 2001 Legislative Session. It mandates that four agencies submit hold even budgets for the 2005-2007 biennium. Those agencies are Department of Public Instruction, Department of Corrections and Rehabilitation, Treasurer, and Secretary of State. The executive branch should be free to prepare and submit a fiscally sound budget for each agency following the usual rigorous review and examination of the executive budget building process. That process will yield sound budgets that are subject to further review and examination during the following legislative session. Mandating four agencies to submit hold even budgets does not allow for sound planning into the coming budget cycle to consider changing circumstances and needs. It does not represent sound budgeting policy, so I must veto it.

**Sections 36, 37, 38 and 39:** These sections all relate to reductions in full time equivalents and a potential salary adjustment for public employees. I support the Legislature's intent of reducing pressure upon the budget by finding permanent cost reductions. All of North Dakota will benefit from such a goal, including the taxpayers, and public employees. I will work with the Legislature to achieve that goal and in re-writing these provisions. But, I cannot support them as written as they are rigid and provide little flexibility or incentive for managers and employees to embrace the goal and seek its achievement. Some agencies will be able to provide no contribution to the reductions, while others may do their part while sharing cost savings with the rest of state government. The system must have management flexibility so that administrators can make decisions that will best serve the public interest and meet the goal. We should take stock in time honored management lessons and allow flexibility and discretion in meeting goals, and hold managers accountable for meeting them. These sections fall short of that direction so I must veto them as well.

In issuing these vetoes, I have discussed these issues with legislative leaders and hope to resolve many of them in the coming days of the special session. I welcome the effort and look forward to fashioning concluding bills that answer these concerns in a manner that more fully meets the needs of our state.

Sincerely,  
/S/  
John Hoeven  
Governor